

VZCZCXRO3980
PP RUEHMA RUEHPA
DE RUEHOS #0112 0851454
ZNR UUUUU ZZH
P 251454Z MAR 08
FM AMCONSUL LAGOS
TO RUEHC/SECSTATE WASHDC PRIORITY 9830
INFO RUEHZK/ECOWAS COLLECTIVE PRIORITY
RUEHUJA/AMEMBASSY ABUJA PRIORITY 9552
RUEHBS/AMEMBASSY BRUSSELS PRIORITY 0493
RUEHDK/AMEMBASSY DAKAR PRIORITY 0894
RUEHRO/AMEMBASSY ROME PRIORITY 1323
RULSDMK/DEPT OF TRANSPORTATION WASHDC PRIORITY

UNCLAS LAGOS 000112

SIPDIS

SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY
SIPDIS

STATE PASS FAA TO AHARRIS,
TRANSPORTATION TO FAA; STATE PLEASE PASS TO OPIC; DAKAR
PLEASE PASS TO FAA REP MOIRA KEANE; ROME PLEASE PASS TO TSA
REP JOHN HALINSKI

E.O. 12958: N/A

TAGS: [FAIR](#) [EINV](#) [PREL](#) [NI](#)

SUBJECT: NIGERIA: DYNCORP NOTIFIES AKWA IBOM STATE
GOVERNMENT OF INTENTION TO TERMINATE NATIONAL HANGER PROJECT

Sensitive But Unclassified; Business Proprietary Information;
Handle Accordingly

11. (SBU) Summary: DynCorp International, a U.S. firm, has notified Akwa Ibom State of its intention to terminate the contract for construction of the state's international airport and maintenance, repair and overhaul (MRO) facility; the state government currently owes DynCorp over USD 5.1 million. On March 7, Ambassador sent a letter to Akwa Ibom State Governor Godswill Akpabio urging him to provide consistent funding for the project. End Summary.

12. (SBU) Fred Bush, Director of Global Solutions for DynCorp International and longtime proponent of the Akwa Ibom National Hanger and International Airport project, told the Consul General in a meeting February 29 that the state's failure to pay USD 5.1 million resulted in DynCorp's submittal of a notice of intent to terminate the project to the government of Akwa Ibom State earlier that day. The DynCorp project includes the new Akwa Ibom International Airport, including runways, terminals and ultimately a maintenance, repair and overhaul (MRO) facility for commercial and military aircraft.

13. (SBU) The contract under which DynCorp operates in Nigeria provides for fourteen days after notice of termination during which the state government can rectify the problem. As of March 6, DynCorp had been paid USD 2.6 million, but was still owed USD 5.1 million. However, on March 7, Ambassador sent a letter to Akwa Ibom Governor Godswill Akpabio urging him to provide consistent funding for the project. (Note: As of March 14, no response had been received. End Note.) DynCorp lifted the notice of termination and staff returned to work the weekend of March 7 after they received notice that money had been wired into their account. On March 10, DynCorp learned that two checks paid by the state to their subcontractors as partial payment of the USD 5.1 million debt had bounced. A third subcontractor check had bounced as of March 13, diminishing hopes that the state would cure the breach of contract with DynCorp. DynCorp has issued a notice of intent to suspend work on March 25.

14. (SBU) DynCorp remains ready to perform under the contract if the Government of Akwa Ibom provides payment. The company has bid for the contract to run the airport and MRO facilities, which are intended to service the entire Western

African region. The project, for which the contract was signed in November 2005, was originally scheduled for completion in March 2007.

15. (SBU) Comment: While there is genuine enthusiasm for U.S. companies in Nigeria, and a recognized need for infrastructure development, stories like this will continue to give companies pause before committing to the country.
End Comment.

16. (U) This cable has been cleared by Embassy Abuja.
BLAIR